

Compensation Consulting Services for the Energy Sector

The Business Environment

Despite a highly cyclical and global market, the oil and gas industry manages over time to sustain long-term growth and to produce significant value creation. New technologies and techniques, strong and consistent focus on research and development, and calculated risk-taking continue to create new opportunities for companies across the oil and gas value chain.

These growth opportunities bring new challenges, as does the cyclical nature of the industry, which can result in occasional downturns and periods of reassessment and realignment. As a result, oil and gas companies need to develop competitive compensation programs that will help to attract new talent, retain existing talent, and maintain a focus on the execution of long-range business strategy:

- Annual plan structures should be sufficiently nimble to address realistic near-term performance expectations while helping to ensure long-term sustainability—balancing investor expectations and internal projections.
- Long-term programs should be structured to align the interests of investors and executives, providing opportunities for long-term capital accumulation tied to firm performance.

At the same time, all industries are being challenged by the increased scrutiny of corporate governance practices and compensation designs by legislators, regulators, and shareholders. Given the critical importance of energy to the global economy, oil and gas companies are subject to a particularly intense spotlight on industry pay practices.

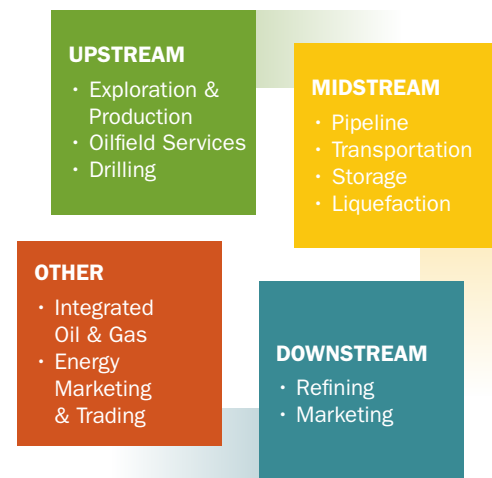
Compensation's Role in Your Strategy

Pearl Meyer's team of dedicated energy sector compensation consultants help many of the world's leading oil and gas companies—across all segments of the industry—deploy customized executive, employee, and director compensation programs to attract, motivate, and retain the right teams to achieve complex, capital-intensive, long-range objectives. These pay programs act as a catalyst to help your organization realize its business strategy and achieve long-term value creation.

Our approach to compensation in the energy sector takes the industry's inherent cyclical challenges into account. Our specialized team will help you:

- Assess historic, current, and planned goals and the overall goal setting process
- Model potential plan outcomes against historical performance and peers, and offer a look at the financial and earnings implications
- Review the effects of share price erosion against share plan balances and projected grant practices
- Implement expatriate compensation programs for global placement of management and other key employees
- Look ahead to assess and plan for the impact of regulatory, governance, and proxy advisor influence

TAILORED SOLUTIONS FOR THE ENERGY INDUSTRY



How We Work With You

We begin every client engagement by working to understand your organization's specific needs, priorities, and business strategy, and we structure an engagement based on the cadence of your compensation committee's annual agenda. We partner with you to:

- Develop a unique compensation philosophy and pay program that links pay with the meaningful performance measures that drive value creation
- Design annual and long-term incentive plans that are directly linked with the organization's strategy
- Navigate complex compliance and disclosure requirements, and effectively communicate compensation issues to multiple audiences, including executives, employees, and shareholders
- Advance corporate governance practices and manage the influence of proxy advisory firms

OUR COMMITMENT TO CLIENTS



Pearl Meyer will assign a dedicated team of senior consultants who will remain consistent throughout the entire engagement. They will draw on the expertise and collective wisdom of the firm to share insights, ideas, and resources. We are committed to developing a long-term business partnership that will benefit from our accrued knowledge and understanding of your business environment and unique strategy and goals.

Please visit pearlmeyer.com/energy for the latest in compensation trends and issues or contact our Houston office at energy@pearlmeyer.com.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in New York, Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, and San Jose.

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